ISSN Print: 2394-7500
ISSN Online: 2394-5869
Impact Factor: 5.2
IJAR 2017; 3(6): 1118-1122
www.allresearchjournal.com
Received: 27-04-2017
Accepted: 29-05-2017

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Digital payment systems: Perception and concerns among urban consumers

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Abstract
The Digital India programme is a prestigious programme of the Government of India with a vision to transform India into a digitally empowered society and to become a knowledge economy. "Faceless, Paperless, Cashless" is one of professed role and slogan of of Digital India. As part of promoting cashless transactions and converting India into less-cash society, various modes of digital payments are available. These modes are banking cards, Unstructured Supplementary Service Data (USSD), *Aadhaar Enabled Payment System* (AEPS), Unified Payment Interface (UPI), mobile wallets point of sales, micro ATM etc. The current study is focused on urban consumers' attitude, perception towards digtal payment systems. For the purpose of study, a convenient sampling survey was conducted among 100 urban respondents in Malappuram District of Kerala with the help of an interview schedule. The tools used for this study are Percentage analysis; one way Anova, independent sample t-test, ranking method etc.

Keywords: Digital payments, Debit Card, Cash, Attitude, Fraud, Safety, Payment Behaviour

Introduction
India is moving on the path of a major digital revolution. Digitalization of the payment mechanism will be considered as milestone in the era of cashless future economy. The growth of the Indian digital payments space is expected to be driven by four trends that are also likely to impact how this industry looks in the future. India going digital, favourable regulatory environment, emergence of next generation payment service providers and enhanced customer experience are the four drivers contributed to the growth of Indian digital payment systems.

The mobile wallet is a new application of mobile payment that has functionality to displace a conventional wallet and more. Mobile payments are a top investment priority for banks. In fact, the world's biggest banks continue to focus most of their announced IT initiatives on mobile financial services (including payments) and online banking. (Batra & Kalra, 2016) [4]. Till date relatively less number of individuals have been utilizing digital wallet, as compared to mobile phone users. The fundamental obstacle is attitude of individuals, who require some serious energy to adjust to a yet another innovation. (Kunal Tahaem, 2016) [4]. Mobile wallets are app-based stored value accounts, funded through credit or debit cards or via net banking. Paytm, Mobi Kwik, Freecharge and Citrus Pay are some well-known mobile wallet examples. These wallets are primarily used for mobile recharges and bill payments. During the last decade, a reasonable amount of research was carried out in the field of retail payments to better understand market participants' behaviour and their underlying motivations. However, research into consumers' attitudes towards attitude, safety perception on digital payment behaviour is scarce. The objective of this study is therefore to investigate the determinants of safety perception and the attitude, awareness level towards digital payments.

Review of literature
Adeoti, O.O and Oshotimehin, (2011) [1]. Primary data was used for this study through the use of a pre-tested, structured questionnaire on adoption of electronic payment system. For the purpose of study multistage sampling technique was used. The probit model is used for the purpose of study.

The study examined the influence of motivational factors on the decision to adopt Point of Sale terminals among consumers. Using probit model, the study finds that factors such as nativity, security, ease of use, availability, convenience, intention to use, complexity of the technology are among the factors influencing the use of Point of Sales (POS) terminals.

Sanghita Roy, Dr. Indrajit Sinha (2014) [4]. stated that E-payment system in India, has shown tremendous growth, but still there has lot to be done to increase its usage. Still 90% of the transactions are cash based. Technology Acceptance Model used for the purpose of study. They found Innovation, incentive, customer convenience and legal framework are the four factors which contribute to strengthen the E- payment system. (Roy & Sinha, 2014) [4].

States that mobile wallets usage crosses the boundaries of big cities and gains popularity into the vicinity, the electronic payment system will generate huge volumes of data on the spending behavior of persons in these areas. Most of the ecommerce companies are offering discounts on digital wallets.

Statement of the problem

The current scenario of Indian economy shows the tendency of movement from cash to cashless transactions. There are so many efforts have been taken by the government in order to convert the face of Indian economy into a new one. Now a day every transaction is going digital. In order to accelerate the execution of the concept of digital economy there are number of digital payment systems were introduced. These payment systems can make changes in the economic life of people. There are 9.73 millilon urban internet users in Kerala (TRAI 2016 report). Malappuram is the most populous District in the State with a total population of 4,112,920 out of these 9,52,191 are urban people. Literacy is also another factor affecting the awareness level especially towards the digital payment systems. The district has 93.57% literacy rate. What will be perception and concerns towards digital payments systems among these urban people in the current period? The current study tries to understand the solution for this problem.

Objectives

1. To make an overview regarding growth in digital transactions in India.
2. To study the awareness level of digital payment system among the respondents.
3. To study the perception level towards safety on digital payments.

Hypotheses

H_{01}:- There is no significant difference between level of awareness towards digital payment systems among male and female

H_{02}:- There is no relationship between education of the respondents and attitude towards digital payment systems.

Methodology

The current study is descriptive in nature and it has made an attempt to understand people attitude, perception and concerns towards digital payment systems. In order to attain the objective of the study, the following methodology has been made use of: A sample of 100 urban people of Malappuram district has been taken for the study. The respondents are selected by using convenient sampling technique. For the purpose of the study both primary and secondary data were used. The data required for the study were collected by using of interview schedule. The secondary data for the study was compiled from websites, journals, magazines, census reports and books. For analysis purpose percentage, one way Anova, independent sample t-test, ranking method were used. For presentation purpose bar chart is used.

Analysis and interpretation

Table 1: Number of transactions (billions) Indian Banking industry.

Mode of Transaction	FY 13	FY 14	FY 15	Growth (FY 14 over FY 13)	Growth (FY 15 over FY 14)
Mobile	-	1%	2%	50%	52%
ECS	3%	3%	2%		
POS	4%	4%	6%		
Internet	3%	6%	8%	5%	7%
NEFT (in Branch)	1%	1%	2%		
Cheque	12%	10%	9%		
Cash	26%	25%	20%	10%	15%
ATM	51%	50%	51%		
Number of transactions (billions) Indian Banking industry	10.89	12.22	13.69	11.22%	12.69%

Sources: FIBAC Productivity Survey 2015; RBI; IBA;

Table 1 shows the Number of transactions (billions) Indian Banking industry. The table and figure clearly depicts the growth of digital payment systems in India. The usage of cash as medium of transaction is going to be low. ATM/CDM includes withdrawals transactions at ATM and deposit transactions at CDMs. ATM and Mobile transactions included are financial transactions only. Traditional channels include Cash and Cheque. Cash transactions refer to counter cash transactions within branch. ECS transactions can be initiated offline or through online channels but once set up. E-commerce transactions to include electronic transactions using debit and credit cards. Mobile, ECS and POS transactions can be collectively termed as transactions through digital channels, Internet, NEFT (in Branch) and Cheque transactions can be collectively termed as branch based transactions and cash and ATM transaction can be called as ATM transactions.

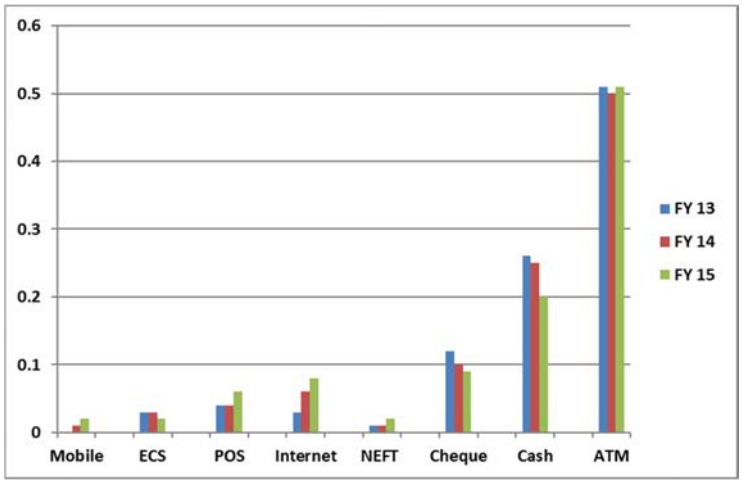
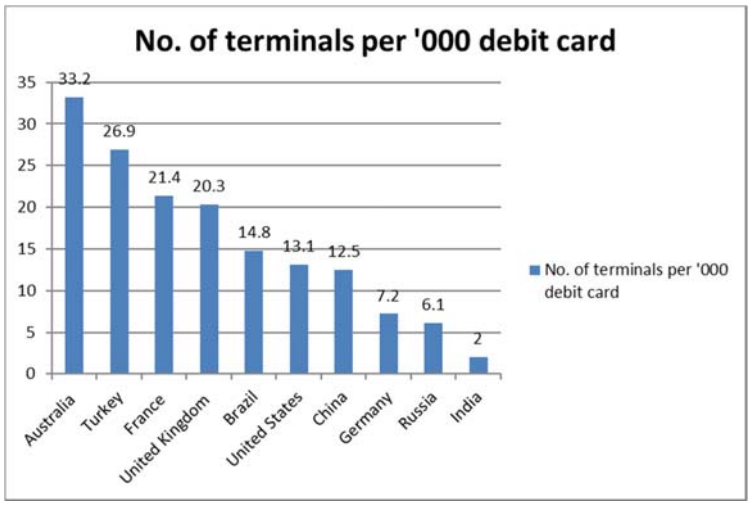


Fig 1: Number of transactions (billions) Indian Banking industry

Table 2: POS Terminal Penetration across Countries

Sl/No.	Countries	No. of terminals per '000 debit card
1.	Australia	33.2
2.	Turkey	26.9
3.	France	21.4
4.	United Kingdom	20.3
5.	Brazil	14.8
6.	United States	13.1
7.	China	12.5
8.	Germany	7.2
9.	Russia	6.1
10.	India[b]	2.0



Source: Euromonitor 2015,
[a] Data is for year 2015.
[b] Includes debit cards issued under Pradhan Mantri Jan-Dhan Yojana (PMJDY).

Fig 2

Table 2 shows POS Terminal Penetration across Countries. Ausralia have 33.2 Number of terminals per '000 debit card, Turkey has 26.9 Number of terminals per '000 debit card but India's position is only 2 Number of terminals per '000 debit card.

H_{01}:- There is no significant difference between level of awareness towards digital payment systems among male and female.

Independent Samples Test

Table 3: Level of awareness towards digital payments

sex	N	Mean	Std. Deviation	Std. Error Mean
Male	57	3.70	1.017	.135
Female	43	3.53	1.202	.183

Level of Awareness Towards Digital Payments	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Equal variances assumed	2.550	.114	.751	98	.455	.167	.222	-.274	.608
Equal variances not assumed	-	-	.733	81.732	.465	.167	.228	-.286	.619

Table 3 shows the difference between level of awareness among male and female. There are total 100 respondents taken for the study, among this 57% are male and 43% are female. The above table shows that t- value is greater than 0.05 at 5% level of significance, so null hypothesis is accepted. So we can state that no significant difference between level of awareness towards digital payment systems between male and female

Table 4: Digital payment- barriers to trying

S. No	Criteria	Mean Value	Rank
1	Habit to use cash	5.05	I
2	Complexity of using	4.33	II
3	Lack of compelling value proposition	3.81	III
4	Cash methods	3.63	IV
5	Incentive /offers from other methods	3.63	IV
6	Fraud and hidden charges	3.58	V

From the above table it is very clear that people feel habit to use cash is the main barrier to trying digital payments and the average score for that reason is 5.05 in the 1 to 6 point scale. Complexity of using digital payments is another barrier in trying digital payments. The mean value for that are 4.33 and got II rank and following Lack of compelling value proposition, Cash methods, Incentive /offers from other methods, Fraud and hidden charges are the different barriers for trying digital payments.

Table 5: Test of Homogeneity of Variances

Statements	Levene Statistic	df1	df2	Sig.
One click payments	1.342	2	97	.09
Offers	.463	2	97	.631
Pay any time anywhere	.927	2	97	.399
Easy to track small expenses	1.174	2	97	.314
Convenience of not carrying cash	2.011	2	97	.139
No hassle of change	.163	2	97	.850

Table 5 shows Levene Statistic Test of Homogeneity of Variances. ANOVA output, (test of homogeneity of variances) provides the Levene's Test to check the assumption that the variances of the six groups are equal; i.e., not significantly different. Thus, the assumption of homogeneity of variance is met (i.e., not violated) for this sample.

Table 6: Anova table-Relationship between education and attitude towards digital payment systems

Statements	Sources of Variation	Sum of Squares	df	Mean Square	F	Sig.
One click payments	Between Groups	1.414	2	.707	1.200	.306
	Within Groups	57.176	97	.589		
	Total	58.590	99			
Offers	Between Groups	2.296	2	1.148	1.088	.341
	Within Groups	102.344	97	1.055		
	Total	104.640	99			
Pay any time anywhere	Between Groups	7.777	2	3.889	3.008	.054
	Within Groups	125.383	97	1.293		
	Total	133.160	99			
Easy to track small expenses	Between Groups	1.547	2	.773	.547	.581
	Within Groups	137.203	97	1.414		
	Total	138.750	99			
Convenience of not carrying cash	Between Groups	2.747	2	1.373	1.959	.147
	Within Groups	68.003	97	.701		
	Total	70.750	99			
No hassle of change	Between Groups	2.751	2	1.376	1.178	.312
	Within Groups	113.289	97	1.168		
	Total	116.040	99			

The above table shows that Anova value for all statement is greater than 0.05 at 5% level of significance, so null hypothesis is accepted. So we can state that there is no relationship between education of the respondents and their level of awareness towards digital payment systems.

Discussion and conclusion

Due to the developments in digital world each and every activities of human being had changed. As a part of policy change cash is no longer becoming a mode of transaction. The country needs to move away from the cash-based towards a cashless (digital) payment system. This will provide multiple advantages like, reduce currency management cost, track transactions, check tax avoidance or fraud etc., enhance financial inclusion and gradually integrate the parallel economy with the main stream. Additionally as the Mobile wallets usage crosses the boundaries of big cities and gains popularity in villages also. The development in digital payments system makes a new spending behaviour of persons in these areas.

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